

2006 FISCAL ISSUES

Revenue Changes since 2005 Session

Timeline	Revenue Forecasts	05-07 Projected Fund Balance
End 2005 Session		\$178
June Forecast	\$450	\$628
September Forecast	\$493	\$1,119*

*Numbers do not add up due to rounding

September Optimistic Forecast: \$863 Million

September Pessimistic Forecast: (\$967 Million)

Reasons for the Higher Forecasts

- Continued strength in real estate and construction activity
- Continued Washington economic growth
- Stronger than expected U.S. economic expansion

Concerns Going Forward

- Real estate and construction activity may have peaked
- The affect of oil prices on the state and national economy
- An extended Boeing strike

2006 Supplemental Budget Issues

- A rough estimate of some of the caseloads and technical errors suggest that the supplemental will be at least \$190 million.
- This includes estimates for the following:

Item	Dollars (Millions)
05-07 Projected Fund Balance	\$1,119
K-12 Forecast	\$75
Federal Funding Issues in Medical Assistance	\$50
GAU Forecast	\$25
Employee Health Care Benefits	\$15
Corrections	\$15
Error in Community College Appropriation	\$10
	\$190

Unfunded Pension Liability

- The legislature, in the 2005 session, suspended the scheduled payment towards the \$4 billion unfunded pension liability. To contribute 2% of pay for PERS and 4% of pay for TRS would cost \$150 million. The contribution must be substantially higher in future biennia.

Item	Dollars (Millions)
Unfunded Pension Liability	\$150

ADJUSTED FUND BALANCE

\$779

Other Mandatory Costs and Budget Issues

- The following are some of the issues that will likely surface by the 2006 Legislative Session:
 - Shortfalls in other accounts such as HSA and PSEA
 - Caseload forecasts such as medical assistance, long-term care, and children's
 - Gain Sharing
 - TANF Shortfall
 - Second Year Omni
 - Science WASL
 - Hurricane Katrina Relief
 - Increased Fuel Costs
 - Vaccines
 - All Other Issues

...AND LEAVE AN ADEQUATE RESERVE.